

AVOYELLES PARISH PORT COMMISSION**FINANCIAL STATEMENTS****JUNE 30, 2013**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **MAR 12 2014**

DUCOTE & COMPANY
Certified Public Accountants
219 North Washington Street
P. O. Box 309
Marksville, LA 71351

AVOYELLES PARISH PORT COMMISSION
SIMMESPORT, LOUISIANA
June 30, 2013

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INDEPENDENT AUDITORS' REPORT

Samuel T Maddie, Chairman
Board of Commissioners
Avoyelles Parish Port Commission
Simmesport, Louisiana

We have audited the accompanying financial statements of the governmental activities of the Avoyelles Parish Port Commission, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Avoyelles Parish Port Commission, as of June 30, 2013, and the resulting changes in financial position, and the respective budgetary comparison of the Avoyelles Parish Port Commission, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the District has adopted the provisions of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, *Deferred Inflows of Resources*, and *Net Position* for the year ended June 30, 2013.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2014, on our consideration of the Avoyelles Parish Port Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Avoyelles Parish Port Commission's internal control over financial reporting and compliance.

Ducote & Company

Marksville, Louisiana
February 27, 2014

BASIC FINANCIAL STATEMENTS

GOVERNMENT WIDE FINANCIAL STATEMENTS

AVOYELLES PARISH PORT COMMISSION
Simmesport, Louisiana

STATEMENT OF NET POSITION
June 30, 2013

	GOVERNMENTAL ACTIVITY
ASSETS	
Cash	\$177,793
Intergovernmental receivables	132,392
Property and equipment (net of accumulated depreciation)	<u>22,390,637</u>
Total Assets	<u>22,700,822</u>
LIABILITIES	
Accounts payable	2,873
Contracts payable	236,017
Retainage payable	26,623
Leases payable	39,000
Bonds payable	<u>372,211</u>
Total Liabilities	<u>676,724</u>
NET POSITION	
Invested in capital assets	21,979,426
Restricted for port purposes	<u>44,872</u>
Total Net Position	<u>\$22,024,098</u>

See accompanying notes and independent accountants' review report.

AVOYELLES PARISH PORT COMMISSION
Simmesport, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Operating Grants	Net (Expenses) Revenues
<u><i>Governmental Activities</i></u>			
General Government			
Insurance	\$5,775	\$3,955	(\$1,820)
Professional fees	162,464	111,271	(51,193)
Operating services	11,722	8,028	(3,694)
Facilities maintenance	19,092	13,076	(6,016)
Interest on long term debt	10,499	7,191	(3,308)
Depreciation	662,058	453,441	(208,617)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$871,610</u>	<u>\$596,962</u>	<u>(274,648)</u>
General Revenues:			
Miscellaneous revenues			16,202
Total general revenues			<u>16,202</u>
Changes in net position			(258,445)
Net position - beginning of year			<u>22,282,543</u>
Net position - end of year			<u><u>\$22,024,098</u></u>

See accompanying notes and independent accountants' review report.

FUND FINANCIAL STATEMENTS

AVOYELLES PARISH PORT COMMISSION
Simmesport, Louisiana

Balance Sheet
Governmental Fund Type – Special Revenue Fund
June 30, 2013

	<u>June 30, 2013</u>
ASSETS	
Cash	\$177,793
Intergovernmental receivables	<u>132,392</u>
Total Assets	<u><u>\$310,185</u></u>
LIABILITIES AND FUND EQUITY	
Liabilities:	
Accounts payable	\$2,873
Retainage payable	26,623
Contracts payable	<u>238,017</u>
Total liabilities	<u>265,513</u>
Fund Equity:	
Fund balance, restricted	<u>44,672</u>
	<u>44,672</u>
Total Liabilities and Fund Equity	<u><u>\$310,185</u></u>

See accompanying notes and independent accountants' audit report.

AVOYELLES PARISH PORT COMMISSION
Simmesport, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
To the Statement of Net Position
June 30, 2013

Total fund balance for the governmental fund at June 30, 2013	\$44,672
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Total net assets reported for the governmental activities in the statement of net assets is different because:

Capital assets used in the governmental activities are not financial resources, and therefore are not reported in the funds. These assets consist of:

Cost of capital assets as of June 30, 2013	\$23,867,642	
Less: accumulated depreciation as of June 30, 2013	<u>(1,477,005)</u>	22,390,637

Long term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Long-term liabilities at June 30, 2013:

Bonds payable	(372,211)	
Contracts payable	<u>(39,000)</u>	<u>(411,211)</u>

Net position at June 30, 2013	<u>\$22,024,098</u>
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See accompanying notes and independent accountants' audit report.

AVOYELLES PARISH PORT COMMISSION
Simmesport, Louisiana

**Statement of Revenues, Expenditures, and
Changes in Fund Balance -- Budget (GAAP Basis) and Actual
Governmental Fund Type -- Special Revenue Fund
For the Year Ended June 30, 2013**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental revenues			
Delta Regional Authority	\$50,000	\$50,000	\$0
Red River Waterway Commission	350,000	346,233	(3,767)
Rental income	200,000	200,730	730
Interest income	500	0	(500)
Miscellaneous	500	16,202	15,702
Total revenues	601,000	613,165	12,165
EXPENDITURES			
General government			
Insurance	10,000	5,775	4,225
Contract services/consultants	150,000	162,464	(12,464)
Operating services	10,000	11,722	(1,722)
Facilities maintenance	20,000	19,092	908
Debt service:			
Principal	30,000	43,000	(13,000)
Interest	20,000	10,499	9,501
Capital outlay	600,000	605,460	(5,460)
Total expenditures	840,000	858,012	(18,012)
 Excess (deficiency) of revenues over expenditures	 (239,000)	 (244,847)	 (5,847)
OTHER FINANCING SOURCES (USES)			
Proceeds from debt issuance	150,000	162,211	12,211
Total other financing sources (uses)	150,000	162,211	12,211
 NET CHANGE IN FUND BALANCE	 (89,000)	 (82,636)	 \$6,364
 Fund balance, beginning	 127,308	 127,308	
 Fund balance, ending	 \$38,308	 \$44,672	

See accompanying notes and independent accountants' audit report.

AVOYELLES PARISH PORT COMMISSION
Simmesport, Louisiana

**Reconciliation of Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2013**

Total net changes in fund balance for the year ended June 30, 2013, per the Statement of Revenues, Expenditures and Changes in Fund Balance	(\$82,636)
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The changes in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays which are considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance	\$605,460	
Depreciation expense for the year ended June 30, 2013	<u>(662,058)</u>	(56,598)

Governmental funds report proceeds from debt issues as other financing sources and, therefore, are not reported in the Statement of Activities.

They are reported as a liability on the Statement of Net Assets.

Proceeds from debt issuance	(162,211)
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Governmental funds report debt repayments as expenditures. However, the expenditure does not appear in the Statement of Activities since the payment is applied against the debt payable on the Statement of Net Assets.

Lease payment	13,000	
Principal bond payments	<u>30,000</u>	<u>43,000</u>

Total changes in net position for the year ended June 30, 2013, per the Statement of Activities.	<u>(\$258,445)</u>
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See accompanying notes and independent accountants' audit report.

AVOYELLES PARISH PORT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

INTRODUCTION

The Avoyelles Parish Port Commission (the "Commission") was created by the provisions of Louisiana Revised Statute (LRS) 34:1801. The statute provides for the Commission to be composed of seven members who shall serve without compensation. Four commissioners are to be appointed by the Avoyelles Parish Police Jury, two are to be appointed by the Town of Simmesport, and the final commissioner is to be elected by the appointed commissioners. The commissioners serve terms from two to six years. The Port Commission has the authority to regulate commerce and traffic, to administer docks and landings, and to construct or acquire equipment, wharves, and buildings for the commerce of the port area within Avoyelles Parish.

The Avoyelles Parish Port at Simmesport, LA is an inland port located on the Atchafalaya River, an 18 foot draft river in central Louisiana. The Port's Master Plan outlines a multi-purpose, four phase development on 2,200 acres of land, including a 200 acre industrial park, port dock, and recreational area and boat launch.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A. REPORTING ENTITY

The Commission, for financial purposes, includes all the funds relevant to the operations of the Avoyelles Parish Port Commission. The financial statements presented herein do not include agencies which have been formed under applicable laws or separate and distinct units of government apart from the Avoyelles Parish Port Commission.

The Commission is considered a primary government and is financially independent and is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Commission.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The government wide fund financial statements report the information on all of the non-fiduciary activities of the Avoyelles Parish Port Commission. Governmental activities are normally supported by rentals, fees and assessments which are reported separately from the business-type activities, which rely to a significant extent on fees and user charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include rentals, fees and assessments authorized for collection by the Port Commission.

AVOYELLES PARISH PORT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS (continued)

The government wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

C. FUND ACCOUNTING

The accounts of the Port Commission are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund or account group are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are to be controlled.

GOVERNMENTAL FUND

Governmental funds account for all or most of the Avoyelles Parish Port Commission's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

Special Revenue Fund

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

D. BUDGETARY PRACTICES

In accordance with Louisiana Revised Statute 39:1303, the Port Commission is required to adopt an annual budget. The annual budget is prepared on a GAAP basis and all annual appropriations lapse at year end. Encumbrance accounting is not utilized.

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Port Commission may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Port Commission may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

F. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available. Donated assets are valued at the fair market value at the time of the donation. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Machinery and equipment	5-7 years
Land Improvements	10-15 years
Buildings	25 years

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, CONTINUED

G. COMPENSATED ABSENCES

The Port Commission has no employees; all services are performed by volunteers or are contracted out to independent contractors. Therefore, the Port Commission has no policy relating to compensated absences.

H. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

I. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as net assets and displayed in two components:

Investment in capital assets – consists of capital assets including restricted assets, net of accumulated depreciation

Restricted net assets- consists of net assets restricted for port commission activities.

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, CONTINUED

K. GOVERNMENTAL FUND BALANCES

On January 1, 2011, the Port Commission adopted the provisions of GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which significantly changed the reporting of fund balance in the balance sheets of governmental fund types. In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable fund balance – amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balances – amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors, creditors, or citizens.

Committed fund balance – amounts that can be used only for specific purposes determined by a formal action by the commissioners of the Avoyelles Parish Port Commission.

Assigned fund balance – amounts that are constrained by the Port Commission's intent that they will be used for specific purpose.

Unassigned fund balance - all other amounts not included in the other spendable classifications.

NOTE 2. CASH AND CASH EQUIVALENTS

At June 30, 2013, the Port Commission has cash and cash equivalents (book balances) as follows:

Demand Deposits	<u>\$177,793</u>
Total	<u>\$177,793</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2013, the Port Commission has \$178,961 (collected bank balances). These deposits are secured from risk by \$178,961 of federal deposit insurance.

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3. LONG-TERM NOTES PAYABLE

Cottonport Bank Certificate of Indebtedness Series 2009

By resolution of the Commission, the Avoyelles Parish Port Commission authorized the incurrence of indebtedness in the principal amount of \$300,000 on December 30, 2009, for the purpose of providing the Port Commission's share of the costs of constructing the Avoyelles Parish Port Commission Liquid Fertilizer Unloading Facility. The Port Commission entered into a security agreement with the Cottonport Bank to borrow \$300,000 at an interest rate of 4.25% payable over ten years.

At June 30, 2013, the Port Commission had an outstanding principal balance of \$240,000 on this issue, to Cottonport Bank. Future debt service requirements are as follows:

Year Ended	Principal	Interest	Totals
June 30,			
2014	30,000	8,290	38,290
2015	30,000	7,014	37,014
2106	30,000	5,753	35,753
2017	30,000	4,464	34,464
2018	30,000	3,189	33,189
2019 - 2020	60,000	2,553	62,553
Totals	\$210,000	\$31,264	\$241,264

Cottonport Bank Certificate of Indebtedness Series 2012

By resolution of the Commission, the Avoyelles Parish Port Commission authorized the incurrence of indebtedness in the principal amount of \$500,000 on July 16, 2012, for the purpose of financing the acquisition, construction and equipping of an approximately 158,225 square foot maintenance building located on property owned by the Commission and to be initially leased to Brudd Construction Company. The Port Commission entered into a security agreement with the Cottonport Bank to borrow \$500,000 at an interest rate initially of 4.5%, adjustable every five years based on Wall Street Journal "Prime Rate" plus 1.25%, payable over twenty years.

During the construction phase, loan proceeds are drawn as needed. Interest only is due monthly during the construction phase, beginning in May 2013.

At June 30, 2013, the Port Commission had an outstanding principal balance of \$162,211 on this issue to Cottonport Bank. Future debt service requirements will be presented upon completion of the drawdown of the loan proceeds.

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3. LONG-TERM NOTES PAYABLE (continued)

Lanier & Associates Consulting Engineers, Inc

During the 2005 year, the Port Commission entered into a contract with Lanier & Associates Consulting Engineers Inc (Lanier) for services for the engineering, design and administrative services with respect to the Liquid Fertilizer Terminal at the Port. Upon completion of these services, the following payment terms were agreed to:

The sum of \$65,000, to be paid over a 5-year term, at the rate of \$13,000 per year, with each installment due on May 1st of each year, the first payment commencing on May 1, 2012. The total sum due under this agreement is non-interest bearing so long as all installments are paid timely. Should any installment be delinquent in excess of 60 days, Lanier has the option to demand the entire balance be due with an interest rate of 8% from the date of default until paid.

At June 30, 2013, the Port Commission had an outstanding principal balance of \$39,000 to Lanier. Future debt service requirements are as follows

Year Ended	Principal	Interest	Totals
June 30,			
2014	13,000	0	13,000
2015	13,000	0	13,000
2106	13,000	0	13,000
	<hr/>	<hr/>	<hr/>
Totals	\$39,000	\$0	\$39,000

A summary of changes in long-term debt for the year ended June 30, 2013:

Description	Balance 06/30/12	Additions	Payments	Balance 06/30/13
Cottonport Bank - Series 2009 \$300,000	\$240,000	\$0	\$30,000	\$210,000
Cottonport Bank - Series 2012 \$500,000	0	162,211	0	162,211
Lanier & Associates	52,000	0	13,000	39,000
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$292,000	\$0	\$43,000	\$411,211

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

NOTE 4. CAPITAL ASSETS

A summary of changes in general fixed assets for the year ended June 30, 2013 is as follows:

	Balance 6/30/2012	Additions	Deletions	Balance 6/30/2013
Capital assets not being depreciated:				
Land	\$1,540,101	\$0	\$0	\$1,540,101
Construction in progress	0	602,935	0	602,935
Capital assets being depreciated:				
Buildings	3,742,138	0	0	3,742,138
Land Improvements	562,770	0	0	562,770
Equipment	417,173	2,525	0	419,698
Infrastructure	17,000,000	0	0	17,000,000
 Total Capital Assets	 23,262,182	 605,460	 0	 23,867,642
 Less Accum Depr	 (814,947)	 (\$662,058)	 \$0	 (1,477,005)
 Net Capital Assets	 <u>\$22,447,235</u>			 <u>\$22,390,637</u>

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	40 years
Machinery and equipment	7-15 years
Transportation equipment	5-15 years

NOTE 5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The statutes which created the Port Commission, place certain limitations and restrictions on the collections and disbursements of the Fund. The Fund is in compliance with all significant limitations and restrictions for the year ended June 30, 2013.

NOTE 6. FUND BALANCES

Fund balances for the Port Commission consisted of the following as of June 30, 2013:

Restricted fund balance – The committed fund balance consists of funds which are restricted by Louisiana State Statute for the activities of the Port Commission

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

NOTE 7. AGREEMENTS

Brudd Construction Co LLC

On February 15, 2012, the Port Commission entered into a lease agreement with Brudd Construction LLC (Brudd) for Brudd to occupy and use property at the Port as a tenant, for a period of 10 years, beginning April 1, 2012 and ending on April 12, 2012, with options to renew, with cash rentals provided for as follows:

- a. \$465 per month payable on or before the 1st of each month, commencing April 1, 2012;
- b. \$2,250 per month for 10 years, payable on or before the 1st of each month of the rental period, with the first payment being due after the completion of a building constructed by the Avoyelles Parish Port Commission; and
- c. \$.13 per ton on any material off loaded at the port site during the term of the lease.

Helena Chemical

In 2009, the Port Commission entered into a lease agreement with Helena Chemical for the use of the Liquid Fertilizer Terminal at the Port. The lease term is for 10 years, with an option to renew. The annual rental rate is \$60,000 flat rate for the first 20,000 tons and then \$4 per ton over the first 20,000 tons of liquid fertilizer transported through the terminal.

Farmland

The Port Commission entered into a lease for the rental of the 639 acres of farmland at an annual rental rate of \$172.08 per plantable acre, or \$110,000.41. The rental term is for 3 years, beginning January 1, 2012, with the first payment due March 1, 2012, and then on January 1st of each subsequent year.

NOTE 8.SCHEDULE OF COMMISSIONERS

Commissioners	Title	Compensation
Samuel T Maddie	Chairman	\$0
Wayne Coco	Secretary	0
Van Kojls	Vice Chairman	0
James Lee	Member	0
Dr Henry Moreau	Member	0
Walter Moreau	Member	0
Robert Thevis	Member	0

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

NOTE 9. CONSTRUCTION CONTRACTS

On January 15, 2013, the Commission entered into a construction contract with M.D. Descant, Inc. for \$977,700, to construct an approximately 158,225 square foot maintenance building located on property owned by the Commission and to be initially leased to Brudd Construction Company. The project was in progress at June 30, 2013 and is expected to be completed in late 2013.

NOTE 10. LITIGATION AND CONTINGENCIES

At June 30, 2013, the Avoyelles Parish Port Commission was not involved in any litigation that would materially affect the financial statements.

NOTE 11. SUBSEQUENT EVENTS

Subsequent events were evaluation through February 27, 2014, which is the date the financial statements were available to be issued. There were no subsequent events to disclose.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Samuel T Maddie, Chairman
Board of Commissioners
Avoyelles Parish Port Commission
Simmesport, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Avoyelles Parish Port Commission, Louisiana as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Avoyelles Parish Port Commission, Louisiana's basic financial statements and have issued our report thereon dated February 27, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Avoyelles Parish Port Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Avoyelles Parish Port Commission, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Avoyelles Parish Port Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Avoyelles Parish Port Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as items 2013-01.

Avoyelles Parish Port Commission Response to Findings

The Avoyelles Parish Port Commission's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Avoyelles Parish Port Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Ducote & Company
Certified Public Accountants
Marksville, Louisiana

February 27, 2014

AVOYELLES PARISH PORT COMMISSION
AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Section I – Summary of Auditors' Results

A. Financial Statement Audit

1. The independent auditors' report expresses an unqualified opinion on the financial statements of the Avoyelles Parish Port Commission.
2. No significant deficiencies relating to the audit of the financial statements are reported in the report on compliance and internal control.
3. One instance of noncompliance material to the financial statements was disclosed during the examination – presented as Item 2013-01.
4. No separate management letter was issued to the Avoyelles Parish Port Commission

**Section II – Financial Statement Findings which are required to be reported under
Government Auditing Standards**

Item 2013-01

2012-2013 Budget Compliance

Finding: During the fiscal year ended June 30, 2013, actual expenditures exceeded \$500,000 thereby requiring the Commission to adhere LSA RS 39:3907, the public participation laws for adoption of the annual budget.

Cause: Expenditures in past years have never exceeded \$500,000 and the Commission has not been required to comply with the public participation of the budgetary process. It was not anticipated that the fiscal year expenditures would exceed \$500,000; however a public works project began earlier than anticipated, resulted in over \$500,000 being expended in the June 30, 2013 fiscal year.

Recommendation: We recommend that management monitor projected revenues and expenditures and prepare budgets for the upcoming fiscal year in sufficient time to adhere to the public participation process for the adoption of the annual budget in accordance with the Local Government Budget Act, if necessary.

Response: Management will now analyze project revenues and expenditures for upcoming fiscal years at least two months prior to the beginning of the new fiscal year. This will provide sufficient time for the Commission participate in the public participation process for the adoption of the annual budget if projected expenditures are greater than \$500,000. This will allow the Commission to be in compliance with the Local Government Budget Act.

AVOYELLES PARISH PORT COMMISSION
AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2013

Section II. Internal Control and Compliance Material to Federal Awards

No Federal Awards were received or expended. The audit report contained no findings concerning federal awards.

Section III. Management Letter

The audit report contained no separate management letter.